

## LNF & IHCIF Calculations Illustration

### **- SHIPROCK in Navajo area -**

#### Given Data

- 52,225 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 16% = % Expenditures on purchased services, 84% = % expenditures in-house
- 92.0% = Cost index for purchasing health care in this geographic area
- 78.9% = Size cost index for in-house costs due to small or large size
- 101.9% = Navajo area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$440 per person for purchased services =  $16\% \times 92.0\% \times \$2,980$
- \$1,974 per person for in-house services =  $84\% \times 78.9\% \times \$2,980$
- \$2,414 per person total = \$440 (purchase) + \$1,974 (in-house)
- **\$2,460 per person total** adjusted for health status =  $\$2,414 \times 101.9\%$
- **\$1,715 per person net cost** =  $\$2,460 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 52,225 users excluding wrap-around and collections)

- \$796 per person = local IHS allowance (excludes \$ for wrap-around)
- \$273 per person = expenditures elsewhere in Navajo area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,123 per person for OU users** =  $\$796 + \$273 + \$54$

#### LNF Calculation

- **45.6% Gross LNF** =  $\$1,123$  (expenditures) /  $\$2,460$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **65.4% Net LNF** =  $\$1,123 / \$1,715$  net cost ( $\$2,460 - \$745$  other)

#### IHCIF Allocation

- \$0 = \$ to raise LNF% from 65.4% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$0 Allocation** = \$0 needed for 60% \* 3.488% IHCIF fraction

#### SHIPROCK Unmet Needs

- **\$89,589,750 Net Total Need** = 52,225 users \* \$1,715 net cost
- **\$30,953,770 Net Unmet Need** =  $(100\% - 65.4\% \text{ LNF}) \times 52,225 \text{ users} \times \$1,715 \text{ net cost}$